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Principal Deputy Assistant Attorney General

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P.O. Box 683
Washington, D.C. 20044
202-616-3366 (v)
202-307-0054 (f)
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Of Counsel:
BRYAN D. SCHRODER
United States Attorney, District of Alaska

Attorneys for the United States of America

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ALASKA

UNITED STATES OF AMERICA,)	
)	
Petitioner,)	
)	
v.)	
)	
GLENN E. LOCKWOOD,)	
)	
Respondent.)	Case No.
_____)	

**UNITED STATES' PETITION FOR JUDICIAL APPROVAL OF LEVY UPON
PRINCIPAL RESIDENCE**

The United States, by and through its undersigned counsel, petitions this Court for
an order approving an administrative levy by the Internal Revenue Service ("IRS") upon

a principal residence. In support of this Petition, the United States submits the accompanying Declaration of Revenue Officer Terence Johnson and asserts as follows:

1. This proceeding is brought, and the Court's jurisdiction arises, pursuant to 28 U.S.C. §§ 1331 and 1340 and 26 U.S.C. §§ 6334(e)(1) and 7402(a).
2. Venue is proper in the District of Alaska under 28 U.S.C. §§ 1391(b) and 1396.
3. Section 6334 of the Internal Revenue Code, as is pertinent here, exempts from administrative levy by the IRS property the taxpayer uses as a principal residence (within the meaning of 26 U.S.C. § 121) unless the levy is to satisfy a liability that exceeds \$5,000 and is approved in writing by a United States District Judge or Magistrate Judge. *See* 26 U.S.C. §§ 6334(a)(13)(B) and 6334(e)(1); 26 C.F.R. § 301.6334-1(a)(13) and (d).
4. To obtain approval from the Court, the United States must demonstrate that:
 - a. the liability is owed;
 - b. the requirements of any applicable law or administrative procedure relevant to the levy have been met; and
 - c. no reasonable alternative for the collection of the taxpayer's debt exists.

26 C.F.R. § 301.6334-1. *In re Lawrence*, 2004 U.S. Dist. LEXIS 22228 (D. Az. 2004) (quoting IRS Restructuring and Reform Act of 1998, Conference Report to Accompany

H.R. 2676, H.R. Conf. Rep. No. 105-500, 105th Cong., 2d Sess., at 267).

5. By this Petition, the United States seeks approval for the IRS to levy upon the taxpayer's interest in the property located at 36439 Edgington Road, Soldotna, AK 99669 (the "Property") and which is legally described as follows:

T 5 N R 9W SEC 20 Seward Meridian KN 0880047 LONGMERE LAKE RIDGE
SUB PART ONE LOT 2 BLK 1.

The Property bears an APN of 06351104.

6. The Property is located within the jurisdiction of this Court.

7. Glenn Lockwood (the "Respondent") holds legal title to the Property and uses it as his principal residence, within the meaning of 26 U.S.C. § 121.

8. In support of this Petition, the United States submits the Declaration of Terence Johnson ("Johnson Decl."), a Revenue Officer with the Small Business/Self Employed Division of the IRS, with a post of duty in Seattle, Washington. Johnson Decl., ¶ 1.

9. As described in the Johnson Declaration, a duly authorized delegate of the Secretary of the Treasury made assessments against Glenn E. Lockwood and his wife, Saray C. Lockwood, jointly, for unpaid federal income taxes (Form 1040), penalties, and other statutory additions for the 2001-2003, and 2005 tax years as follows:

Tax Year	Assessment Date	Type of Assessment and Amount of Assessment	Unpaid Balance Due as of February 25, 2019
2001	09/10/2014 09/10/2014 12/05/2016 12/05/2016	Tax: \$215,308.00 Interest: \$177,853.79 Interest: \$30,145.86 Failure to Pay Penalty: \$53,816.80	\$482,274.22

United States of America v. Glenn E. Lockwood
United States' Petition for Judicial Approval of Levy upon
Principal Residence
Case No.

U.S. DEPARTMENT OF JUSTICE
Tax Division, Western Region
P.O. Box 683
Washington, D.C. 20044
Telephone: 202-616-3366

2002	09/10/2014 09/10/2014 12/05/2016 12/05/2016	Tax: \$121,013.00 Interest: \$83,938.93 Interest: \$15,462.59 Failure to Pay Penalty: \$28,451.00	\$269,057.21
2003	09/10/2014 09/10/2014 12/07/2015 12/07/2015 12/05/2016 12/05/2016	Tax: \$272,209.00 Interest: \$176,452.34 Interest: \$16,755.89 Failure to Pay Penalty: \$40,151.10 Interest: \$18,749.38 Failure to Pay Penalty: \$26,767.40	\$605,241.32
2005	03/29/2010 03/29/2010 03/29/2010 11/26/2012 12/02/2013 12/01/2014 12/07/2015 12/05/2016	Tax: \$69,956.00 Late Filing Penalty: \$17,489.00 Interest: \$24,496.21 Failure to Pay Penalty: \$17,036.25 Interest: \$14,713.32 Interest: \$4,278.23 Interest: \$4,494.21 Interest: \$788.22	\$15,924.38
TOTAL			\$1,372,497.13

Johnson Decl., ¶ 5.

Additionally, a duly authorized delegate of the Secretary of the Treasury made assessments against Glenn E. Lockwood, individually, for unpaid federal income taxes (Form 1040), penalties, and other statutory additions for the 2000-2003, 2006-2010, and 2014-2015 tax years as follows:

Tax Year	Assessment Date	Type of Assessment and Amount of Assessment	Unpaid Balance Due as of February 25, 2019
2000	09/10/2014 09/10/2014 09/10/2014 12/05/2016	Tax: \$75,217.00 Fraud Penalty: \$56,412.75 Interest: \$37,696.63 Failure to Pay Penalty: \$17,655.59	\$185,976.92
2001	09/10/2014 09/10/2014	Fraud Penalty: \$161,481.00 Interest: \$124,992.48	\$286,473.48
2002	09/10/2014 09/10/2014	Fraud Penalty: \$90,759.75 Interest: \$62,139.54	\$152,899.29

2003	09/10/2014 09/10/2014	Fraud Penalty: \$204,156.75 Interest: \$125,329.60	\$329,486.35
2006	01/04/2010 01/04/2010 01/04/2010 01/04/2010 11/26/2012 12/02/2013 12/01/2014 12/07/2015 12/05/2016	Tax: \$108,456.00 Late Filing Penalty: \$24,155.55 Failure to Pay Penalty: \$17,714.07 Interest: \$22,795.78 Failure to Pay Penalty: \$9,125.43 Interest: \$24,592.81 Interest: \$6,248.08 Interest: \$6,563.53 Interest: \$8,109.46	\$236,932.77
2007	01/04/2010 01/04/2010 01/04/2010 01/04/2010 01/04/2010 11/26/2012 12/02/2013 12/01/2014 12/07/2015 12/05/2016	Tax: \$228,187.00 Estimated Tax Penalty: \$5,975.70 Late Filing Penalty: \$51,086.92 Failure to Pay Penalty: \$23,840.56 Interest: \$24,073.07 Failure to Pay Penalty: \$32,922.69 Interest: \$47,941.47 Interest: \$12,538.98 Interest: \$13,172.05 Interest: \$16,369.79	\$502,610.64
2008	01/04/2010 01/04/2010 01/04/2010 01/04/2010 01/04/2010 11/26/2012 12/02/2013 12/01/2014 12/07/2015 12/05/2016	Tax: \$18,138.00 Estimated Tax Penalty: \$537.00 Late Filing Penalty: \$3,793.05 Failure to Pay Penalty: \$758.61 Interest: \$606.17 Failure to Pay Penalty: \$3,455.89 Interest: \$3,294.15 Interest: \$889.88 Interest: \$934.81 Interest: \$1,161.76	\$35,670.06
2009	12/27/2010 12/27/2010 12/27/2010 12/27/2010 12/27/2010 03/14/2011 03/14/2011 03/14/2011 03/14/2011 11/26/2012	Tax: \$87,686.00 Estimated Tax Penalty: \$509.00 Late Filing Penalty: \$7,783.02 Failure to Pay Penalty: \$3,891.51 Interest: \$2,522.85 Tax: \$156.00 Late Filing Penalty: \$15.60 Interest: \$659.23 Failure to Pay Penalty: \$1,297.17 Failure to Pay Penalty: \$16,462.02	

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	12/02/2013 12/02/2013 12/01/2014 12/07/2015 12/05/2016	Interest: \$9,858.18 Failure to Pay Penalty: \$7.80 Interest: \$3,936.99 Interest: \$4,135.76 Interest: \$5,139.81	\$157,809.84
2010	11/14/2011 11/14/2011 11/14/2011 11/14/2011 11/26/2012 12/02/2013 12/02/2013 12/01/2014 12/07/2015 12/05/2016	Tax: \$31,540.00 Estimated Tax Penalty: \$659.00 Failure to Pay Penalty: \$1,077.82 Interest: \$688.42 Failure to Pay Penalty: \$3,387.45 Interest: \$2,214.01 Failure to Pay Penalty: \$3,233.47 Interest: \$1,278.68 Interest: \$1,343.23 Interest: \$1,669.32	\$51,254.17
2014	02/15/2016 02/15/2016 02/15/2016 02/15/2016	Tax: \$ 11,645.00 Late Filing Penalty: \$449.95 Failure to Pay Penalty: \$149.98 Interest: \$74.07	\$822.75
2015	11/21/2016 11/21/2016 11/21/2016 11/21/2016	Tax: \$11,941.00 Estimated Tax Penalty: \$156.00 Failure to Pay Penalty: \$315.21 Interest: \$203.45	\$6,646.50
TOTAL			\$1,946,582.77

Johnson Decl., ¶ 5.

10. Timely notice of the assessments set forth above and demand for their payment was duly given to Mr. Lockwood. Johnson Decl., ¶ 6.

11. Despite timely notice and demand for payments of the assessments set forth above, Mr. Lockwood has neglected or refused to make full payment to the United States. *Id.*

12. The total outstanding balance for the federal income tax liabilities for tax years 2000-2003, 2005-2010, and 2014-2015, described above, is \$3,319,079.90 as of

February 25, 2019, plus interest and other statutory additions accruing thereafter as provided by law. *Id.*

13. The IRS has followed the requirements of applicable law and administrative procedures relevant to levy upon the Property, including recording Notices of Federal Tax Lien with the Kenai Recording District. Johnson Decl., ¶ 7.

14. The IRS has attempted to satisfy Mr. Lockwood's unpaid liabilities from assets other than the Property and has concluded that no reasonable alternative exists to satisfy the unpaid tax liabilities described above. Johnson Decl., ¶ 8.

WHEREFORE, the United States prays that:

- A. This Court enter an order to show cause (proposed order attached); and
- B. If no written Objection to the Petition is filed with the Clerk of Court within 21 days from the date of the Order to Show Cause, the Court enter an order approving the administrative levy on the Property, to be executed by any authorized officer of the IRS (proposed order attached); and

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- C. If a written Objection to the Petition is timely filed with the Clerk of Court, that the Court set a hearing date for this matter, at which the objections raised shall be considered and after which the Court may enter a further order approving the administrative levy on the Property, to be executed by any authorized officer of the IRS.

Dated this 15th day of February, 2019.

Respectfully submitted,

RICHARD E. ZUCKERMAN
Principal Deputy Assistant Attorney General

/s/ Yen Jeannette Tran

YEN JEANNETTE TRAN
Trial Attorney, Tax Division
U.S. Department of Justice
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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ALASKA

UNITED STATES OF AMERICA,)	
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Petitioner,)	
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GLENN E. LOCKWOOD,)	
)	
Respondent.)	Case No.
_____)	

[PROPOSED] NOTICE AND ORDER TO SHOW CAUSE

You, Respondent Glenn E. Lockwood, are hereby notified that the United States of America (“United States”) has petitioned this Court for an Order allowing the Internal Revenue Service (“IRS”) to levy upon the real property located at 36439 Edgington

Road, Soldotna, AK 99669 (the “Property”), with a legal description of

T 5 N R 9W SEC 20 Seward Meridian KN 0880047 LONGMERE LAKE RIDGE
SUB PART ONE LOT 2 BLK 1

and APN of 06351104, in order to sell your interest to satisfy part or all of your unpaid federal income tax liabilities (Form 1040) for tax years 2000-2003, 2005-2010, and 2014-2015, as set forth in paragraphs 9 and 12 in the United States’ Petition for Judicial Approval of Levy upon Principal Residence, plus interest and other statutory additions accruing thereafter as provided by law.

This Court has examined the Petition of the United States and accompanying Declaration of Terence Johnson, and it is hereby ORDERED that you have 21 days from the date of service of this Order to file with the Clerk of Court a written Objection to Petition. Any written Objection to Petition should demonstrate that:

- A. Your liability has been satisfied; or
- B. You have other assets from which the unpaid tax liabilities can be satisfied;
or
- C. Applicable laws and administrative procedures relevant to the levy were not followed by the IRS.

It is FURTHER ORDERED that if you file a written Objection to Petition with the Clerk of Court, then the Court will hold a hearing, at which you must appear, on _____, 2019, at _____ a.m./p.m., at the James M. Fitzgerald U.S. Courthouse, 227 W. 7th Avenue, Courtroom _____, Anchorage, AK 99513.

It is FURTHER ORDERED that, in addition to filing an Objection to Petition with

the Clerk of Court, you must also mail a copy of any Objection to the Petition to the attorney for the United States, at the following address, on or before the filing date:

Yen Jeannette Tran
Trial Attorney, Tax Division
U.S. Department of Justice
P.O. Box 683
Ben Franklin Station
Washington, D.C. 20044

If you do not file an Objection to Petition within 21 days of service of this order, or if you file an Objection to Petition but fail to appear before the Court as instructed, the Court will enter an Order Approving an Internal Revenue Service Levy on the Real Property located at 36439 Edgington Road, Soldotna, AK 99669.

It is FURTHER ORDERED that a copy of this NOTICE AND ORDER TO SHOW CAUSE, together with the Petition, Declaration, and [Proposed] Order Approving Levy upon Principal Residence, shall be served upon Glenn E. Lockwood within 10 days of the date of this Order, by the United States Marshal or any deputy U.S. Marshal, or any Revenue Officer of the IRS, by delivering a copy in hand to Glenn E. Lockwood or by leaving a copy at Glenn E. Lockwood's dwelling or usual place of abode with a person of suitable age and discretion residing therein, or by some other manner of service described in Rule 4(e)(1) of the Federal Rules of Civil Procedure.

IT IS SO ORDERED.

Dated this ____ day of _____, 2019.

Respectfully presented by:

RICHARD E. ZUCKERMAN
Principal Deputy Assistant Attorney General

/s/ Yen Jeannette Tran

YEN JEANNETTE TRAN
Trial Attorney, Tax Division
U.S. Department of Justice
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[PROPOSED] ORDER APPROVING LEVY UPON PRINCIPAL RESIDENCE

This matter having come before the undersigned upon the Petition of the United States and the accompanying Declaration of Terence Johnson, the Court having issued a Notice and Order to Show Cause which was properly served on Glenn E. Lockwood,

[Glenn E. Lockwood having filed no written Objection to Petition and having not appeared in this matter,]

[Glenn E. Lockwood having filed a written Objection to Petition, and the Court having considered the objections raised, arguments made, and evidence presented, if any, at a hearing on _____, 2019,]

having considered the above, the record herein, and for good cause shown,

IT IS HEREBY ORDERED THAT, pursuant to Internal Revenue Code section 6334, the Court GRANTS the Petition for Judicial Approval of Levy upon Principal Residence. The Internal Revenue Service may levy upon Glenn E. Lockwood's interest in the property located at 36439 Edgington Road, Soldotna, AK 99669 (the "Property"), with a legal description of

T 5 N R 9W SEC 20 Seward Meridian KN 0880047 LONGMERE LAKE RIDGE
SUB PART ONE LOT 2 BLK 1

and APN of 06351104, to satisfy part or all of Glenn E. Lockwood's unpaid federal income tax liabilities (Form 1040) for tax years 2000-2003, 2005-2010, and 2014-2015, as set forth in paragraphs 9 and 12 in the United States' Petition for Judicial Approval of Levy upon Principal Residence, plus interest and other statutory additions accruing thereafter as provided by law, which may be executed by any authorized officer of the Internal Revenue Service.

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It is FURTHER ORDERED that the Clerk of Court shall mail a copy of this

ORDER to:

Glenn E. Lockwood
36439 Edgington Road
Soldotna, AK 99669

IT IS SO ORDERED.

Dated this ____ day of _____, 2019.

UNITED STATES DISTRICT JUDGE

Respectfully presented by:

RICHARD E. ZUCKERMAN
Principal Deputy Assistant Attorney General

/s/ Yen Jeannette Tran

YEN JEANNETTE TRAN
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